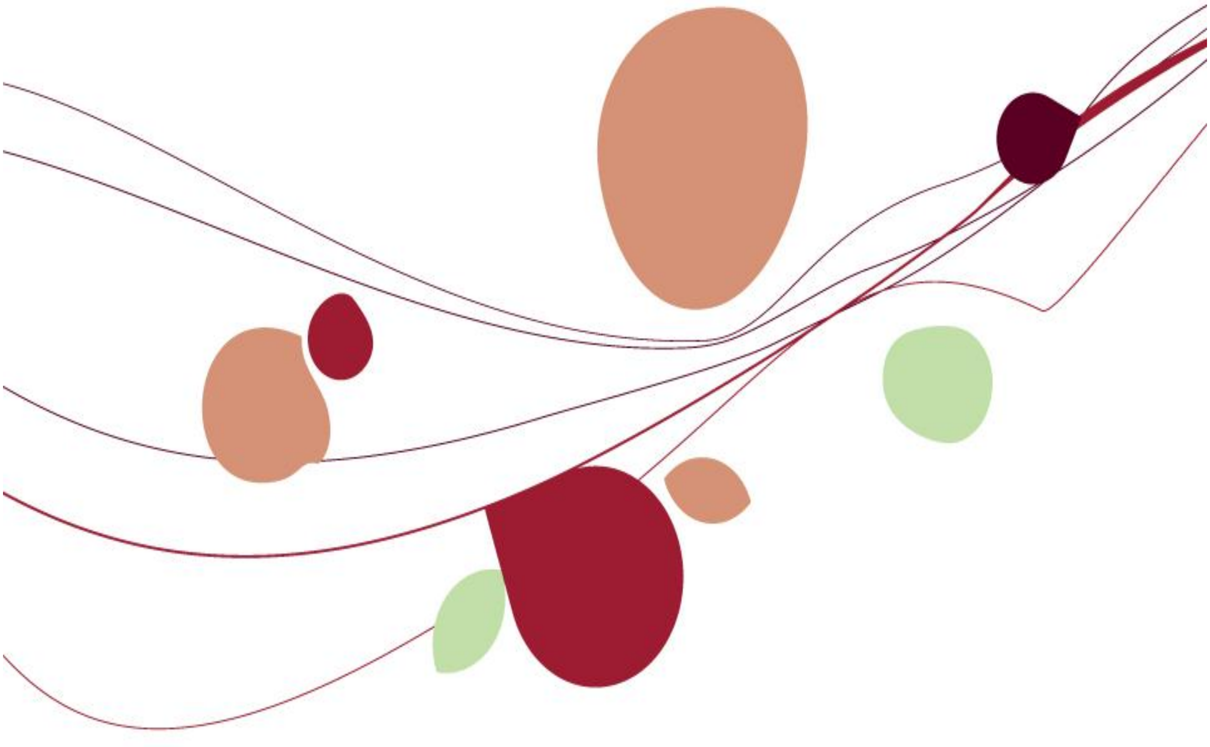
Mid-Market Division

HR & Payroll

SnowdropKCS

Real Time Information (RTI) - User Guide for submitting to HMRC via XML for Multi-Company payrolls in k-EM Version 9.2



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PLEASE NOTE:

This document provides guidance on generating and submitting files to HMRC via XML.
If using EDI, please contact the Helpdesk for further information, either via email (helpdeskhrp@sage.com) or by telephone on 0845 245 6400.

1 RTI background

Real Time Information is being introduced by HMRC and will be compulsory for all employers starting from April 2013. This will improve the operation of PAYE. Calculations of PAYE & National Insurance are not changing, but the reporting of employee data, together with earnings and statutory payments and deductions, will be sent to HMRC each time an employee is paid rather than at the Tax Year end. This will also enable information to be received quickly by employers and will eventually enable the introduction of Universal Credits.

Employers and Pension Providers will use RTI to send data to HMRC. This will start in April 2013 and by October 2013 all employers will be using RTI to file data electronically. RTI will reduce the admin burden on employers and pension providers, by making it simpler and quicker to send information about starters and leavers, and to receive information back such as Tax Code Notifications. The current year end reporting forms P35 and P14 will not be required once RTI has been established.

For more detailed information on RTI, please visit the HMRC website at http://www.hmrc.gov.uk/rti/employerfaqs.htm

Timescales:

April 2012 – Pilot participation commences with HMRC selected employers

May to July 2012 – More employers join the pilot in a controlled timescale from HMRC

August 2012 to March 2013 – HMRC allow more employers to start using RTI

April 2013 –RTI is available and live for all employers

April 2013 to October 2013 – RTI becomes compulsory for all employers

2 Data cleansing

It is important that all your data is correct and up to date before you start to file submissions for RTI. The end of year processes will validate data you are submitting for the tax year ending 5th April 2013, but it is especially important that you check all new data being entered after the end of year is processed.

- Ensure you have no 'dummy data' in your system that you may use for testing purposes and that may have been entered onto your live payroll companies, or that any test payroll companies do not have real PAYE references . There should be no employees with the surname 'Unknown' for example.
- Check that the surname and forenames are entered into the correct fields. Use the employee's full name and not their abbreviated or nick name.
- Always use an employee's correct date of birth. Do not use a default or made up date.
- If you do not know an employee's National Insurance number, leave it blank and request it from HMRC via the NVR screen.
- The employee's gender and address, including UK post code, should also be completed.

By adhering to these simple rules, you should experience less file submission errors when you send the data to HMRC.

3 Notes & Information

3.1 Jargon Buster

Some of the following acronyms are used in this document and some you may come across these in relation to RTI.

RTI	Real Time Information
EAS	Employer Alignment Submission
FPS	Full Payment Submission
EPS	Employer Payment Summary
PAYE	Pay As You Earn (Income Tax)
NINO	National Insurance number
NVR	NINO Verification Request
NVRSP	NINO Verification Response (NINO's received back from HMRC)
EDI	Electronic Data Interchange
DPS	Data Provisioning Service
LTS	Local Test Service
BACS	Bankers Automated Clearing Services (shortened to and known as 'Bacs')
BASS	Bacs Approved Software Supplier

3.2 HMRC information

HMRC have produced guidance for employers on RTI which may answer any questions you have:

- Introduction for Employers: http://www.hmrc.gov.uk/rti/employerfaqs.htm
- Payroll Alignment document: http://www.hmrc.gov.uk/softwaredevelopers/rti/payroll-alignment.pdf
- Improving payroll data: http://www.hmrc.gov.uk/rti/dip/index.htm
- Watch HMRC data cleansing tips: http://www.youtube.com/watch?v=JhOm7cfJqNE

N.B. Screenshots are included only as a guide and are subject to change if the requirements are amended by HMRC.

3.3 New Employees

The ‘Full Payment Submission’ output file contains a ‘**Starter Declaration**’ field, which HMRC use to establish that the employee is a joiner on the payroll.

When allocating a new employee to the required Payroll, this will be set to ‘C’ automatically, using the Statement declarations as supplied on the HMRC P46 form.

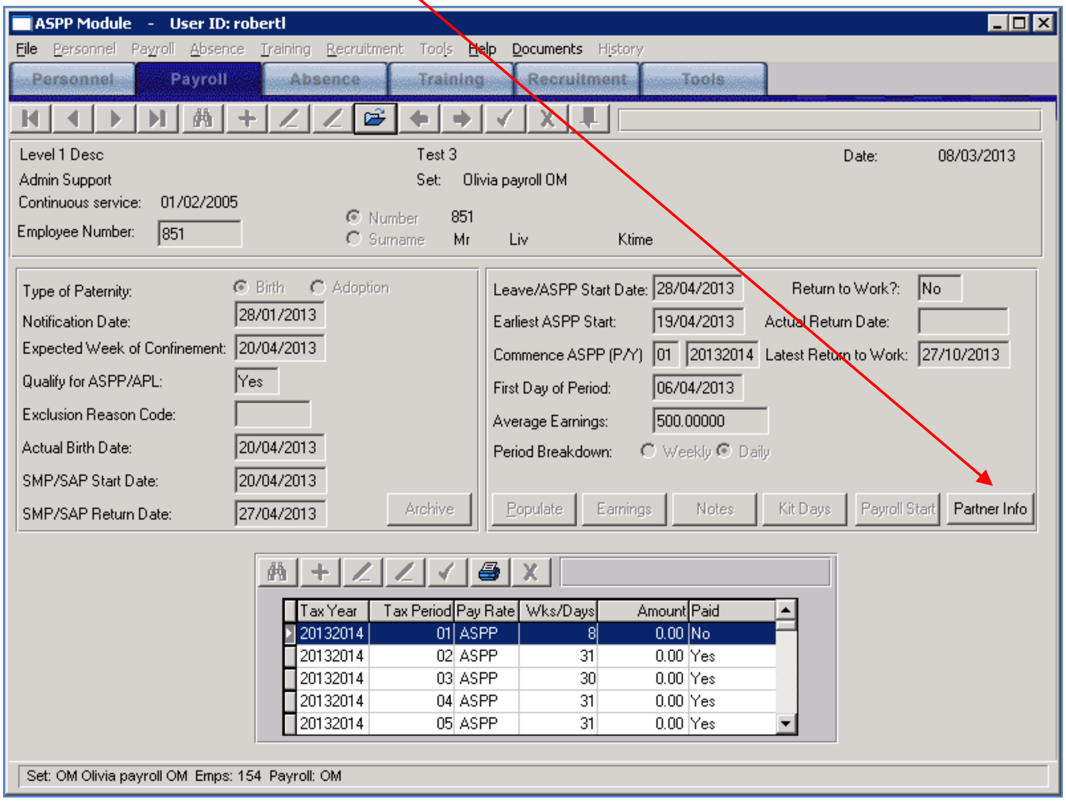
This will happen whether the employee is allocated to the Payroll manually (via the Payroll module or the HR module), or imported via the Dataloader Profiles 3, 61 or 66.

When you start to submit data under RTI rules, you will no longer be required to submit electronic P45 or P46 forms for new starters.

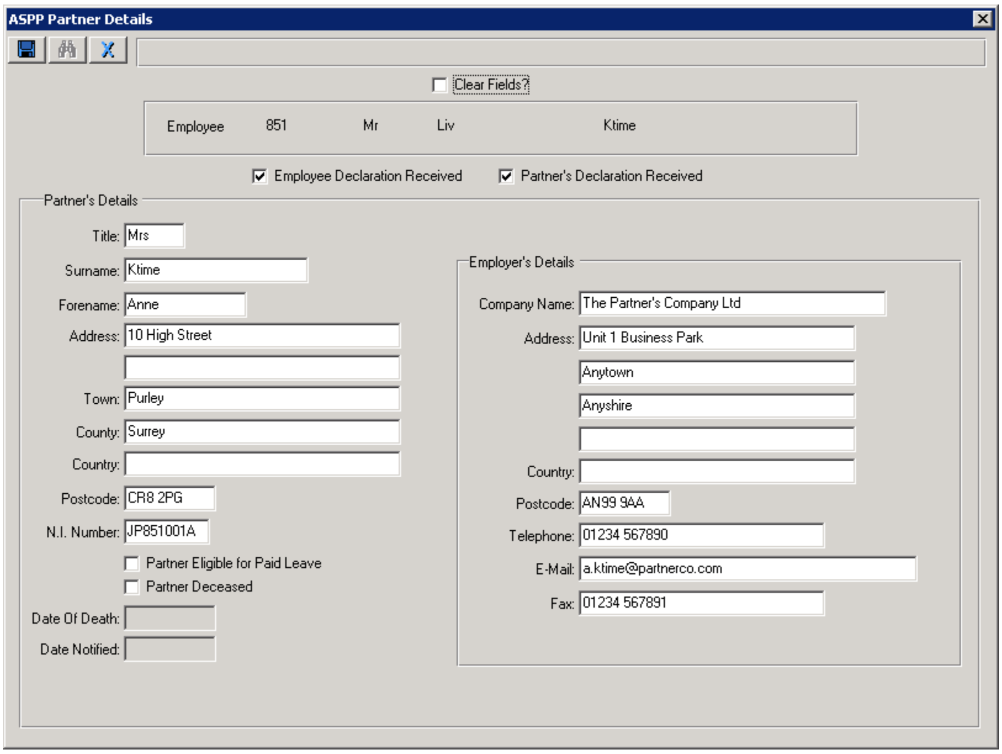
3.4 Additional Statutory Paternity Pay

With the introduction of RTI, there is a new requirement to obtain and record details of the partner of the employee in receipt of Additional Statutory Paternity Pay (ASPP).

The Additional Statutory Paternity Pay screen within the Parental Pay Module now includes a 'Partner Details' screen which will need to be populated when the ASPP record is set up. This is accessed by clicking on the 'Partner Info' button.



3.5 Additional Statutory Paternity Pay – Partner’s Details



The Partner Surname and Forename fields must be entered to enable RTI to be submitted when ASPP is paid. The Partner NINO field should be completed if known.

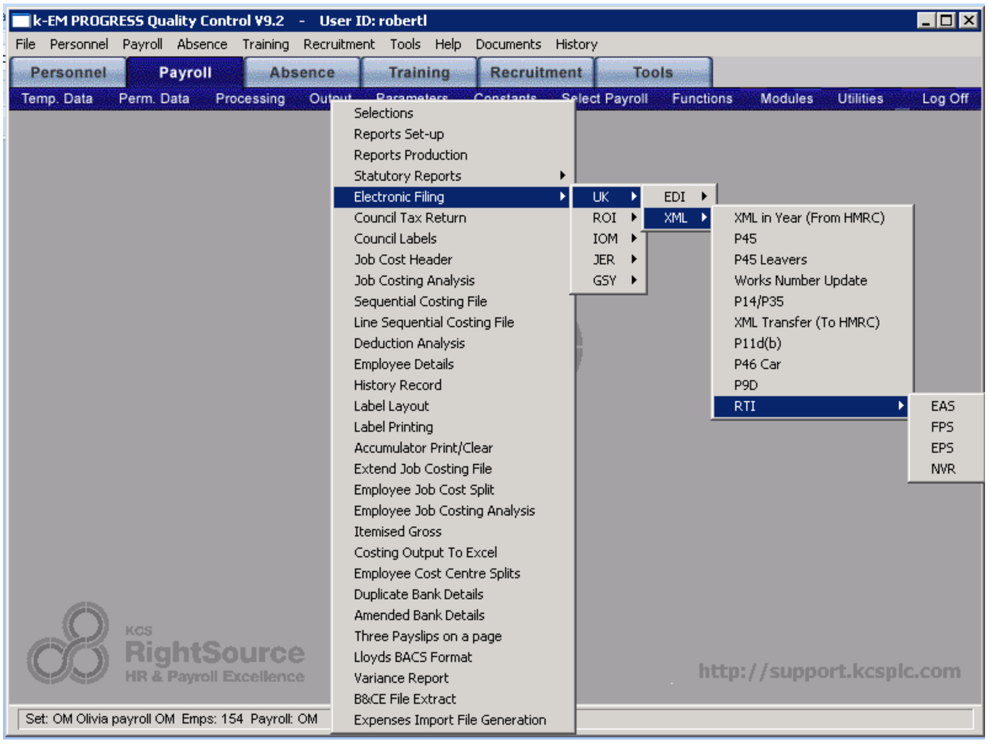
4 Installing, Generating and Submitting RTI in SnowdropKCS

The required functionality has been developed to allow you to file the correct data to HMRC for RTI in the correct format. This will mean that you will have access to the RTI functionality in SnowdropKCS to enable you to file data electronically for RTI.

There are four new screens to enable you to file data electronically to HMRC when your payroll is processed. These screens will be located in Payroll > Output > Electronic Filing > UK > XML and are called 'RTI'. The new screens listed in the RTI menu option are for each of the following filing options:

1. Employer Alignment Submission (EAS)
2. Full Payment Submission (FPS)
3. Employer Payment Summary (EPS)
4. NINO verification request (NVR)

Access to the menu options is shown below, and is accessed after selecting the appropriate Pay Company:



4.1 Installing and setting up the RTI functionality on the SnowdropKCS system

4.1.1 Installation Instructions

The patch version of your version 9.2 system needs to be 9.2.1.**303** or above before proceeding with these instructions. You can check the version from the '**Help**, **About**' screen when logged into the main application (see Applying Upgrades.pdf for more information). Once upgraded, the following steps will need to be completed from a **client machine/server** before this functionality becomes available:

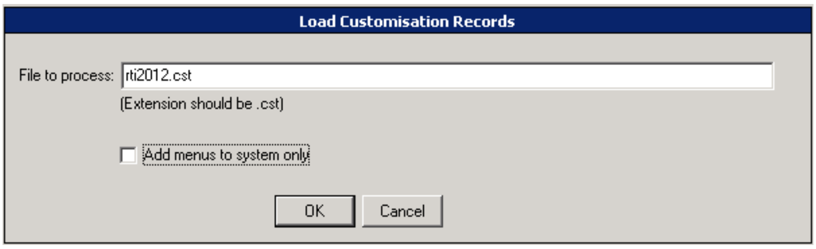
- From your downloaded upgrade zip, extract and **copy** the following files to the '**Start in**' directory of your relevant **KCS Live/Test Admin** icon:

  <u>Copy From:</u>
  {Extracted Upgrade}\instdata **\rti2012.cst**
  \frcus285.d
  \mnad0227.d
  \zgenf.d
  <u>Copy To:</u>
  {Client Machine Local Disk}:\kcsv92\kem{*live*/*test*}**control**

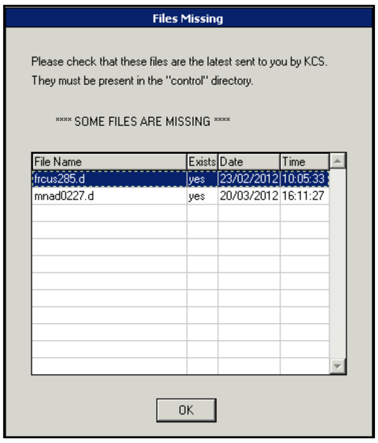
  You can establish the '**Start in**' directory of your Admin icon by right clicking and selecting **Properties**. From here you can review the **Shortcut** tab to find your start in directory.

  (N.B .If you are **hosted** or using **Citrix/Terminal Services** you will most likely require the help of your respective IT support department).

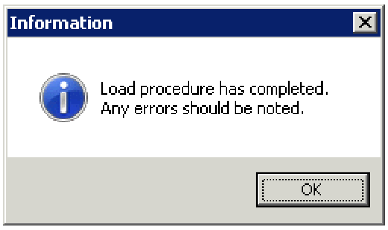
- Now launch the relevant **KCS Live/Test Admin** icon and run the following using the details below:
  a. Password: **AdMiN** (case sensitive)
  b. Option: Admin**Run Customisation Process**
  c. File to Process: **rti2012.cst**



- Select Ok to start the load process and you will be present with a check list titled ‘**Files Missing**’. Check that the ‘**Exists**’ column has ‘**yes**’ against each of your listed files and select Ok to continue.

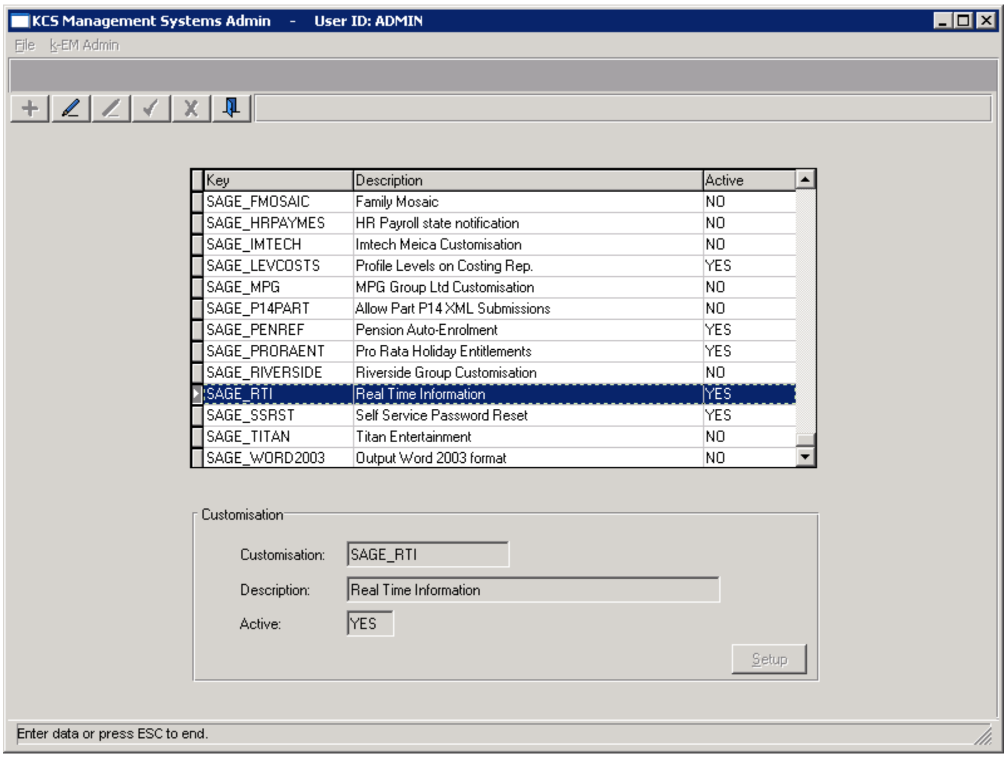


  Once complete you will be presented with the following confirmation window:



- The Customisation ‘**SAGE_RTI**’ should now be added and set to Active - **Yes**. To check this, select the Admin drop down and then ‘**Customisation**’ and scroll down the list to find ‘**SAGE_RTI – Real Time Information**’ and ensure this is set to ‘**YES**’.

  If the Active flag is set to ‘**No**’ simply double click the ‘**NO**’ and this will change to a ‘**YES**’.



You can now logout of the Admin area of the system and continue to the next section of this document.

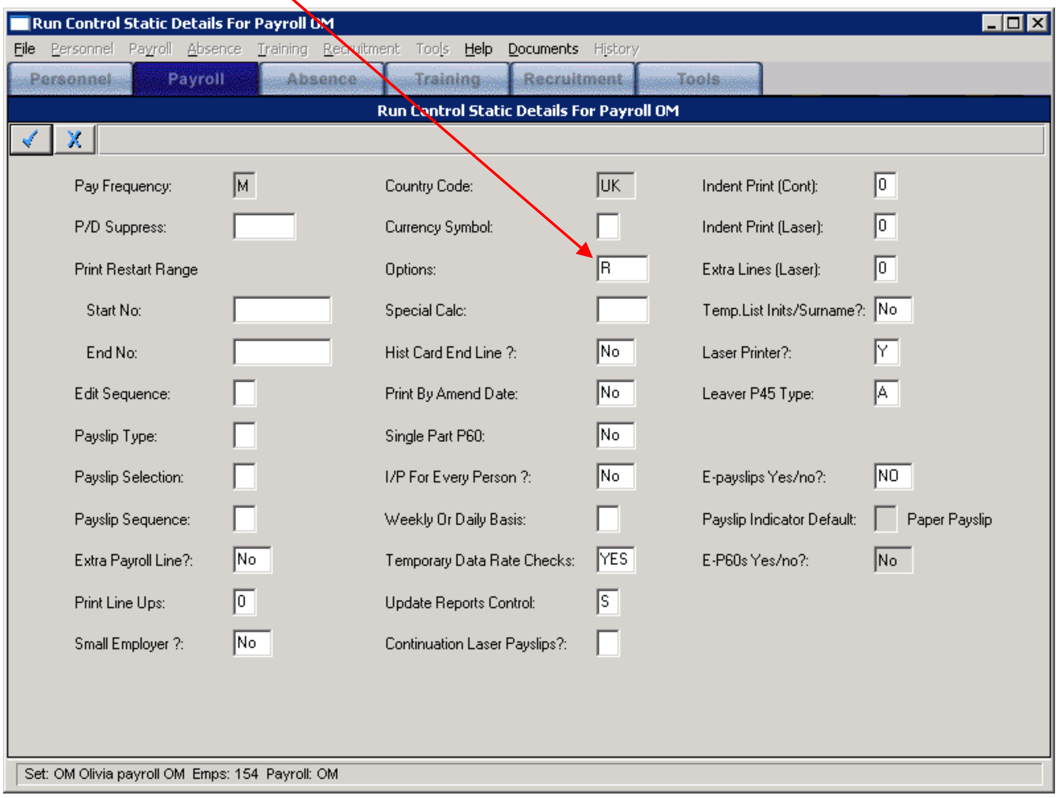
4.1.2 Setup Instructions

Control File Details screen

On the **Control File Details** screen, if the SAGE_RTI customisation is set off, the valid entries in the 'Options' field are 'S' for SAYE, 'M' for Manual payments, 'H' for Payslip History and 'A' for Absence Recording.

If the SAGE_RTI customisation is set on, the valid entries in the 'Options' field are 'S' for 'SAYE' Module and 'R' for RTI.

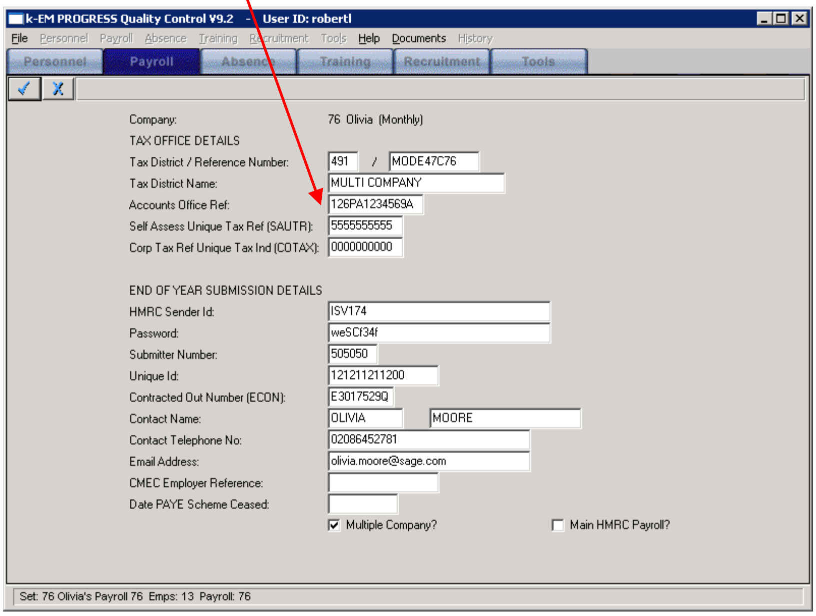
For users using both the SAYE module and RTI, enter 'SR'



Tax and DWP Details screen

When the 'SAGE_RTI' customisation is set on, the '**Tax and DWP Details**' screen contains four new fields, including:

1) **Accounts Office Reference**. This is a required field for RTI submissions.



2) **Self Assessment Unique Tax Reference** (SAUTR).

3) **Corporation Tax Reference Unique Tax Indicator** (COTAX).

Neither of these is mandatory, but if supplied by HMRC, one or the other will apply, never both.

In each case, the format of the field is a 10-digit number (e.g. 1234567890).

4) **Date PAYE Scheme Ceased**.

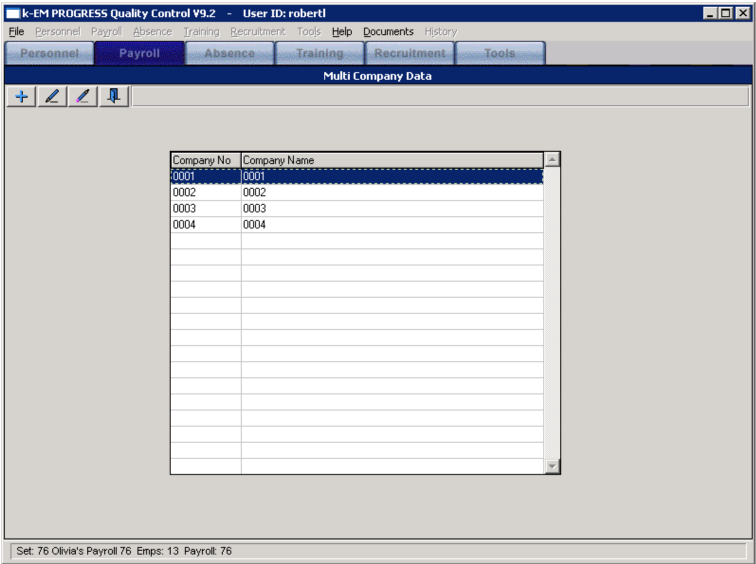
In the event that a PAYE Scheme ceases (for example due to all of the employees being transferred to another PAYE Reference, or company closedown), you will need to enter in this field the date on which the PAYE Scheme ceased.

These items will need to be entered for each company included within the Payroll, using the '**Update Multi Company Data**' screen, as per the example on the following page.

They will also need to be entered for any associated Payrolls which share the same Tax District/Reference Number as one of the Companies within the Multi Company Payroll, for example if the Multi Company Payroll is a Monthly payroll and one of the companies within that payroll also operates a separate Weekly payroll.

Update Multi Company Data screen

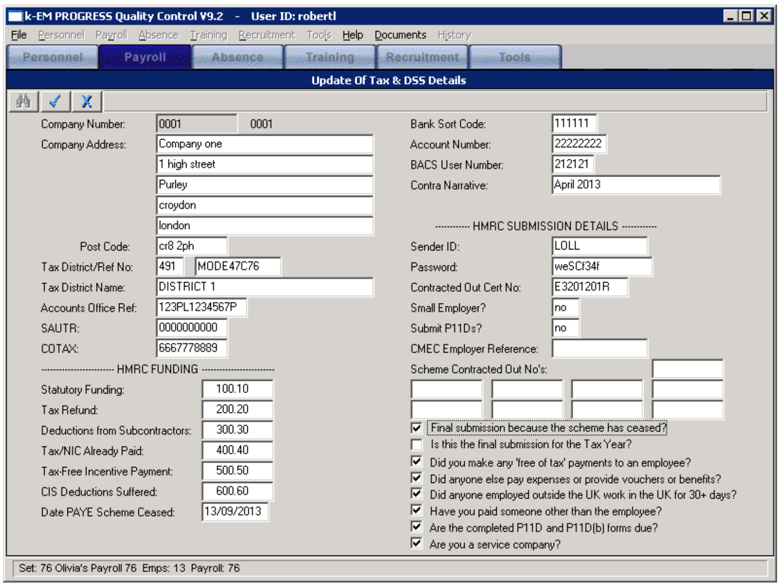
From the '**Parameters**' menu within the '**Payroll**' module, select the option '**Update Multi Company Data**'. A list of companies processed within the current Payroll will be shown.



For each company listed, the applicable '**Accounts Office Reference**' must be entered.

If applicable, either the '**Self Assessment Unique Tax Reference**' (SAUTR), or the '**Corporation Tax Unique Taxpayer Indicator**' (COTAX) can be entered for each company, if advised by HMRC.

If any of the individual companies within the payroll ceased trading during the Tax Year, the date on which this occurred must be entered in the field '**Date PAYE Scheme Ceased**' for that company.



Bank Details screen

We've given you notice that we are retiring our v9.2 product and one of the main reasons for that retirement is because the technology is out-dated and places some technical constraints on us, making it difficult or impossible to deliver some requirements. We have encountered such a constraint on RTI.

Once you are live on RTI and make payments under BACS using a Service User Number (SUN), you will need to produce and report a unique BACS# reference on the relevant FPS. However, because of the technical constraints we face in v9.2 we cannot generate the BACS# reference in this product. Failure to produce a BACS# reference number on the relevant FPS is a technical legal breach as contrary to legislative requirements.

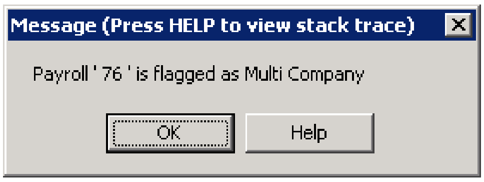
We have informed HMRC of the difficulties we face with our v9.2 product. HMRC has advised that whilst they may highlight this issue in the event of an Employer Compliance visit there are currently no legal sanctions (financial or otherwise) for failure to comply with the obligation to supply a BACS# reference.

We can assure you that this is not an issue for our SnowdropKCS products.

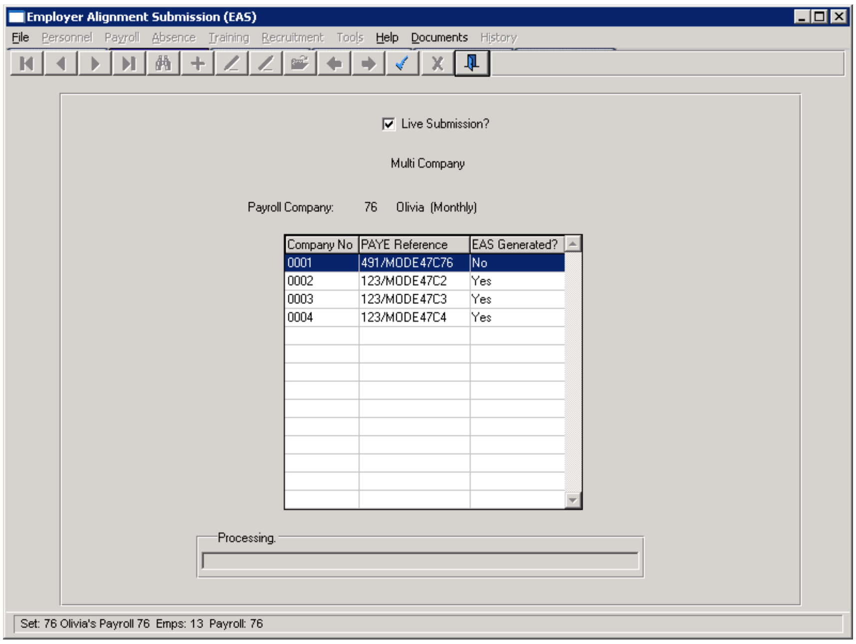
4.2 Employer Alignment Submission (EAS)

The EAS will only need to be submitted once for each PAYE reference to align your employee data with that the HMRC holds. EAS submissions contain personal details for all the employees per PAYE scheme reference number regardless of the frequency they are paid, and the Payroll Company they are attached to. All employees employed in the current tax year regardless of whether they have been paid or not, or have left employment, will be on the EAS. There are no payment details in the EAS submission. The screen shows the selected PAYE Tax District and Reference Number and the associated Payroll Companies. You are able to see if a submission has previously been generated and the progress bar will allow you to monitor the production of the file being generated to send.

When selecting the '**EAS**' option, the system will check to see if the current Payroll is flagged as 'Multi Company' in the 'Tax & DWP Details' screen. If so the following message will appear:



Each company attached to the payroll will be listed. Highlight the first company and then click on the 'OK' (tick) icon to continue. A separate Employer Alignment Submission file will then be generated for each of the companies listed. These must be submitted to HMRC individually.



Please Note: You must not generate or submit RTI files to HMRC until on or after 6th April 2013 or they will be rejected by HMRC.

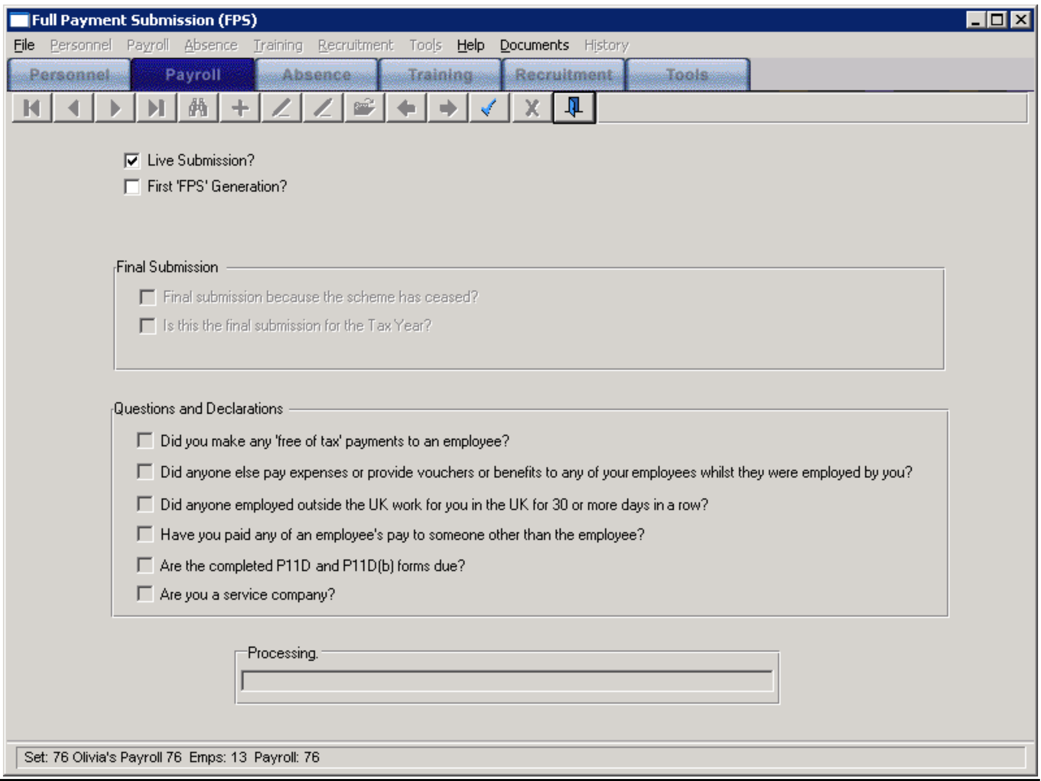
4.3 Full Payment Submission (FPS)

The FPS will be submitted each period your employees are paid. You must submit a ‘First FPS’ within one month of submitting the EAS to inform the HMRC of the Year To Date (YTD) values in the current Tax Year for all employees, regardless of whether they have left since 6th April. A tick box will allow you to specify when you are submitting the first FPS.

Submissions for the FPS are made per Payroll Company (e.g. send separately for a monthly and weekly payroll) and do not have to be made for the whole PAYE reference scheme in one submission. After the first FPS has been sent, with all employees’ details, each subsequent FPS file will only send details for employees that do not have a leave date in the system.

A progress bar allows you to monitor the production of the file to be sent.

If this is the final submission of the current Tax Year, or if the PAYE Scheme has ceased for any of the companies within the Payroll, please refer to the notes on the following page before proceeding.



<u>Final Submission for Tax Year, or Final Submission because PAYE Scheme has ceased.</u>

If the submission you are making is the final submission within the Tax Year, or if one of the companies within the Payroll has a PAYE Scheme that has ceased, you will need to set a tick against the appropriate Declarations within the '**Update Multi Company Data**' screen for each company to which this applies, **before generating the Full Payment Submission files**.

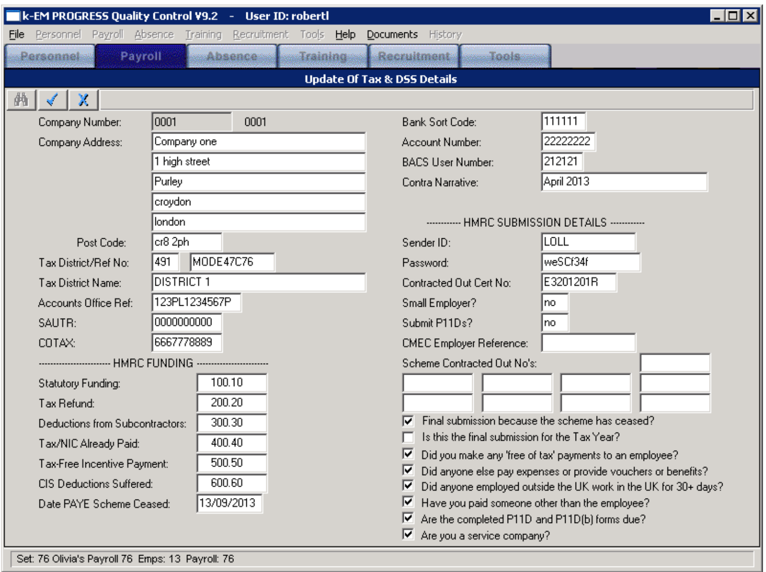
Where this is the final submission due to the PAYE Scheme no longer being valid, the '**Declarations**' section of the '**Update Multi Company Data**' screen must be completed **for each company with a PAYE Scheme that has ceased**. Also, in the field '**Date PAYE Scheme Ceased**', you will need to enter the date on which the PAYE Scheme ceased, **before generating the Full Payment Submission files**.

Where this is the final submission due to the end of the current Tax Year, the '**Declarations**' section of the '**Update Multi Company Data**' screen must be completed for **all companies** within the Payroll.

It is also advisable to enter the '**HMRC Funding**' values on the '**Update Multi Company Data**' screen at the same time as completing the 'Declarations' section because, although the 'HMRC Funding' values are required only for the 'Employer's Payment Summary' submission rather than the 'Full Payment Submission', this will avoid the need to return to the 'Update Multi Company Data' screen before running the 'Employer's Payment Summary'.

The Declarations and HMRC Funding details are as the same as when submitting Year End P35s prior to RTI being in place.

Important Note: The FPS Submission Files must be generated <u>after</u> the payroll has been Reloaded for the Pay Period to which it relates, and <u>before</u> the Run Control has been moved forward to the following Pay Period.



4.4 Employer Payment Summary (EPS)

The EPS submission is used by HMRC to determine your PAYE liabilities for the year to date for the PAYE reference being submitted, and that they correspond with all payments received for the relevant PAYE reference number via the FPS submissions.

The EPS is generated showing year to date values for the total recovery values in the PAYE scheme (i.e. SSP, SMP, OSPP, SAP and ASPP Recovered within the Tax Year) regardless of how many pay companies have the same PAYE reference. This means you will only need to submit one EPS when required to notify HMRC when adjustments to the values in the FPS submissions are required. This should be sent before the due date of payments to HMRC (usually by 22nd of the month following month ended 5th).

If any of the PAYE Reference Numbers used in the current payroll also apply to separate Payrolls (for example if the current Payroll is Monthly and a separate Weekly payroll shares the same PAYE Reference as one of the companies on the Multi Company Payroll), it is essential that all such Payrolls have been completed and Reloaded for the current Tax Month.

Important Note: For payrolls run on a Weekly, Fortnightly or Four-Weekly payment frequency, the Employer Payment Submission needs to be generated and submitted only after the final payroll of each Tax Month has been completed and Reloaded, not after each payroll run.

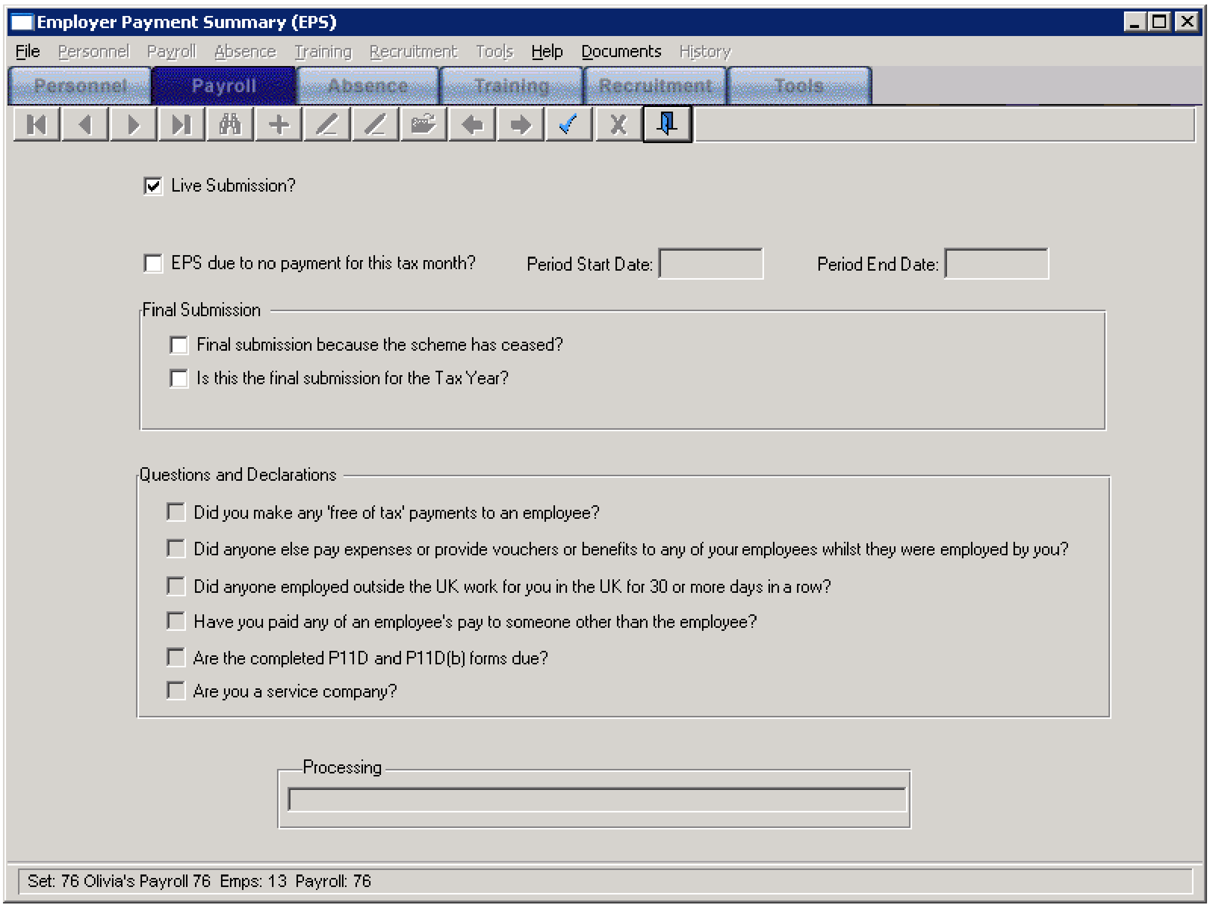
Final Submission for the Tax Year, or Final Submission because the PAYE Scheme has ceased.

Before selecting the 'EPS' option from the menu, if any of the companies has ceased trading during the current Tax Year, or if this is the Final Submission for the Tax Year, you will need to ensure that a tick has been set against any applicable '**Declarations**' within the '**Update Multi Company Data**' screen and, if applicable, enter values in the '**HMRC Funding**' section of the screen. Please note that the 'Statutory Funding' field on this screen is to be used only if HMRC has provided funding to an employer for payment of Statutory Pay amounts, in the rare instance where the employer has insufficient funds to make those payments.

If this is the Final Submission for Tax Year, this will apply to **all companies** within the Payroll

If this is the Final Submission because the PAYE Scheme has ceased, this will apply to **each company that has a PAYE Scheme which has ceased**.

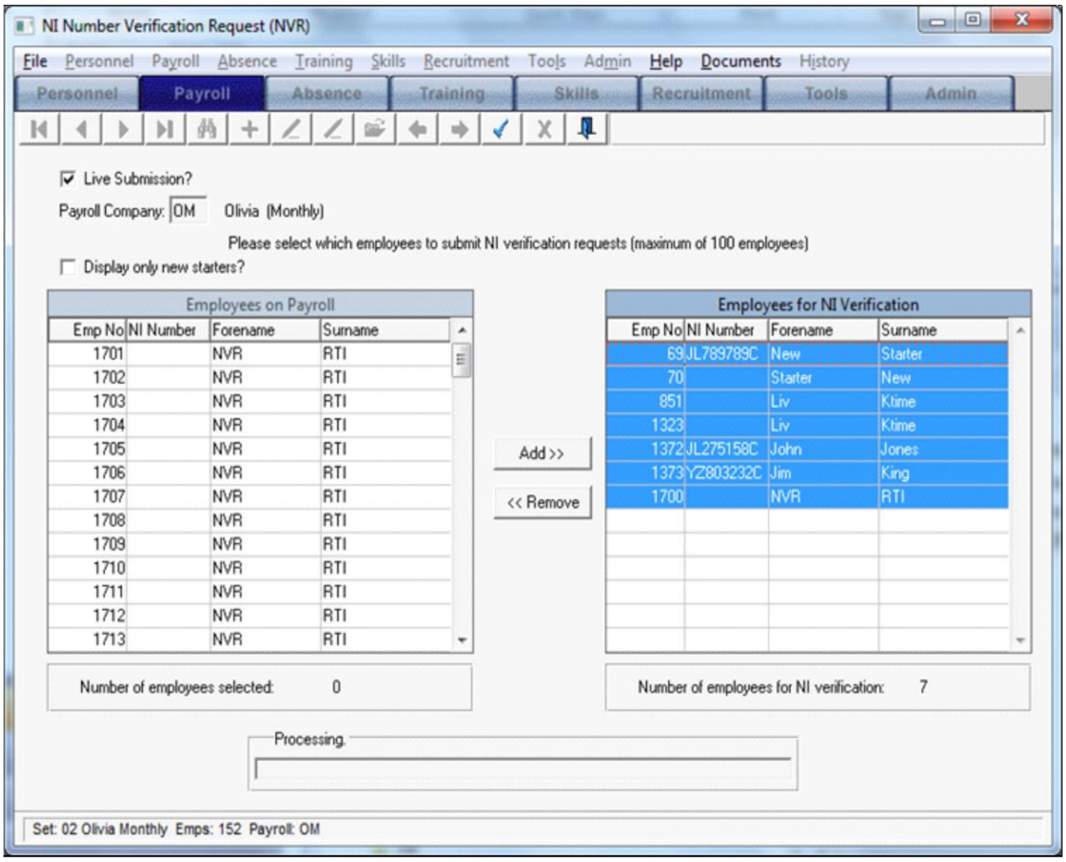
If no payment is due to be made to HMRC for a given Tax Month, you will need to tick the 'EPS due to no payment for this tax month?' box. This will populate the associated 'Period Start Date' and 'Period End Date' fields automatically with the start and end date of the current Tax Month (e.g. for April 2013, this would be 06/04/2013 and 05/05/2013 respectively).



4.5 NINO Verification Request (NVR)

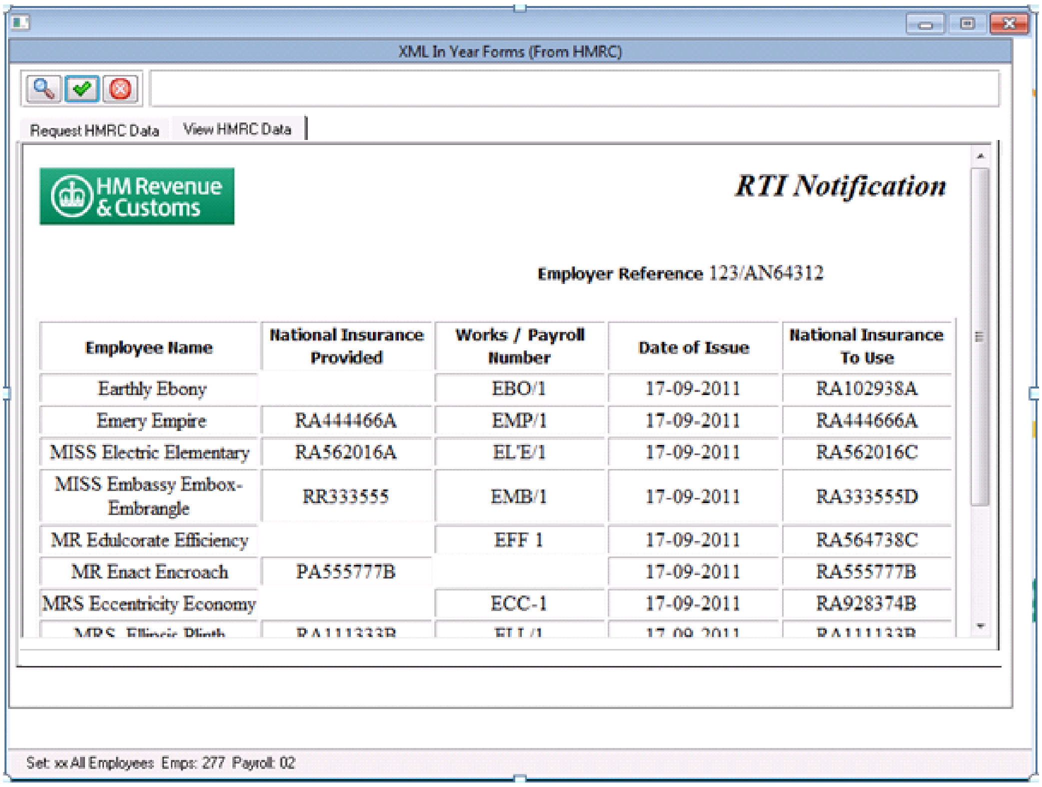
The NVR screen is used to generate and send a request to HMRC for providing missing NINO's or verification of NINO's you may think are incorrect. The maximum number of requests you can send per submission is 100. A NVR file can be submitted at any point in time and is not related to payroll processing dates.

You may select to show only new starters that have been entered in the current pay period otherwise all employees will be displayed in the 'Employees on Tax Reference' columns. Select the employees to send on the NVR by highlighting and adding to the 'Employees for NI Verification' columns. Incorrectly selected employees can be removed by highlighting and clicking 'remove'. All employees shown in the right hand column will be on the NVR submission. A count will show for reference to help you to see how many employees have been selected on the NVR. A progress bar allows you to monitor the production of the file being generated to send.



4.6 NINO Verification Response (NVRSP)

As a result of submitting an NI Number Verification Request to HMRC, the HMRC will check the National Insurance Numbers supplied on the request. HMRC will then submit a NINO Verification Response to the employer, detailing the correct National Insurance Numbers to use for the employees. The '**NINO Verification Response (NVRSP)**' file can be accessed by using the menu option 'XML In Year (From HMRC)'. An example file is shown below:-



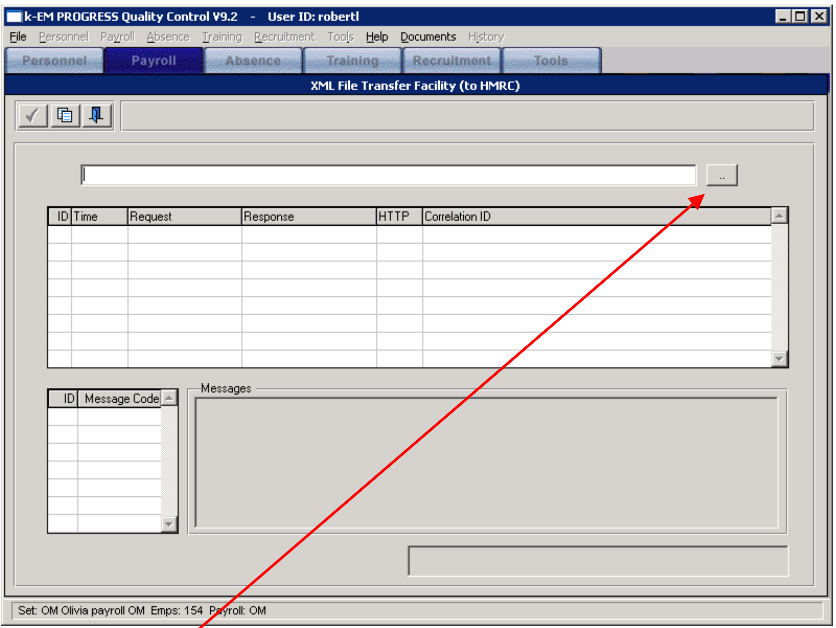
Employee Name	National Insurance Provided	Works / Payroll Number	Date of Issue	National Insurance To Use
Earthly Ebony		EBO/1	17-09-2011	RA102938A
Emery Empire	RA444466A	EMP/1	17-09-2011	RA444666A
MISS Electric Elementary	RA562016A	EL'E/1	17-09-2011	RA562016C
MISS Embassy Embox-Embrangle	RR333555	EMB/1	17-09-2011	RA333555D
MR Edulcorate Efficiency		EFF 1	17-09-2011	RA564738C
MR Enact Encroach	PA555777B		17-09-2011	RA555777B
MRS Eccentricity Economy		ECC-1	17-09-2011	RA928374B

4.7 Submitting RTI files

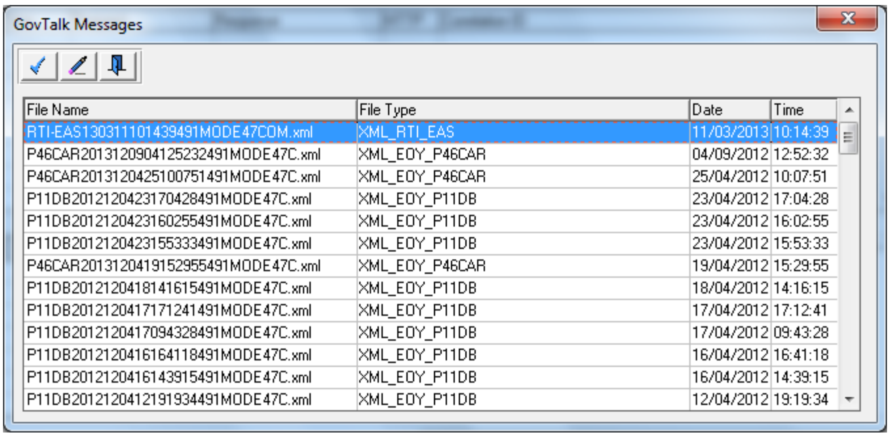
It is important to note that after generating the files they must be submitted to HMRC. Guidelines from HMRC stipulate that the FPS must be submitted on or before the employee's payment date.

When the RTI XML Submission Files have been generated, they must be submitted to HMRC as follows:

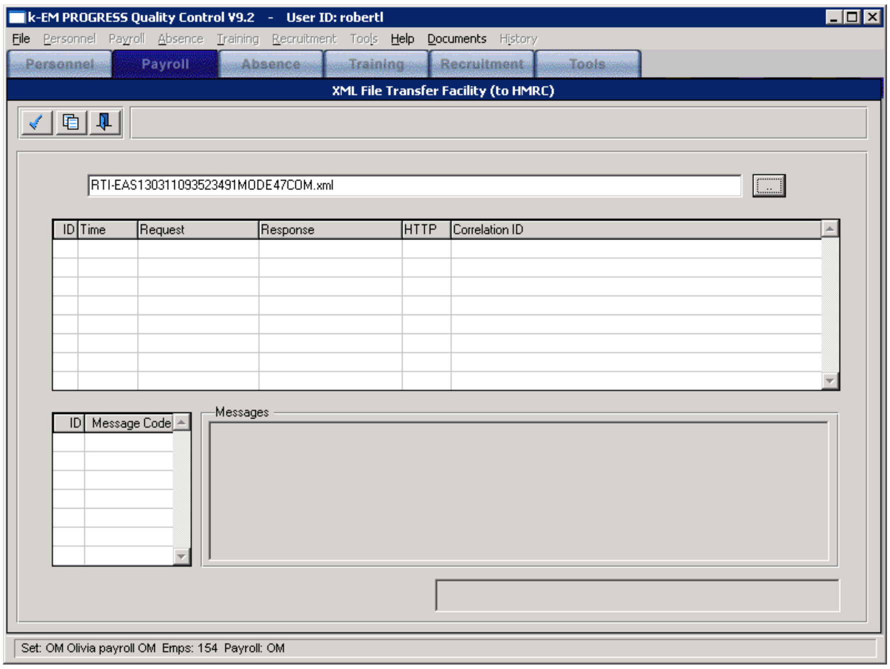
From the '**Payroll**' module, select the '**Output>Electronic Filing>UK>XML**'. From this menu, select '**XML Transfer (To HMRC)**'.



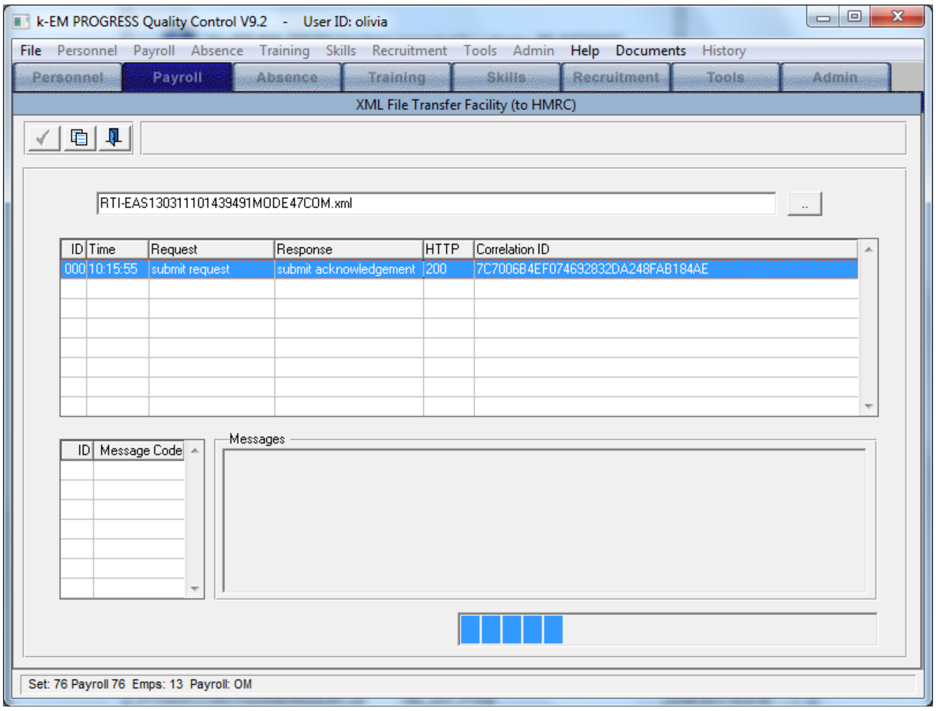
Click on the '**..**' button to display the list of available files to submit.



Click on the File Name of the required file, and then on the 'OK' icon to continue.



Click on the '**Transmit**' icon. There will be a pause whilst the system prepares the file for submission, and then blocks will appear in the Progress bar to indicate that the file transmission is running.

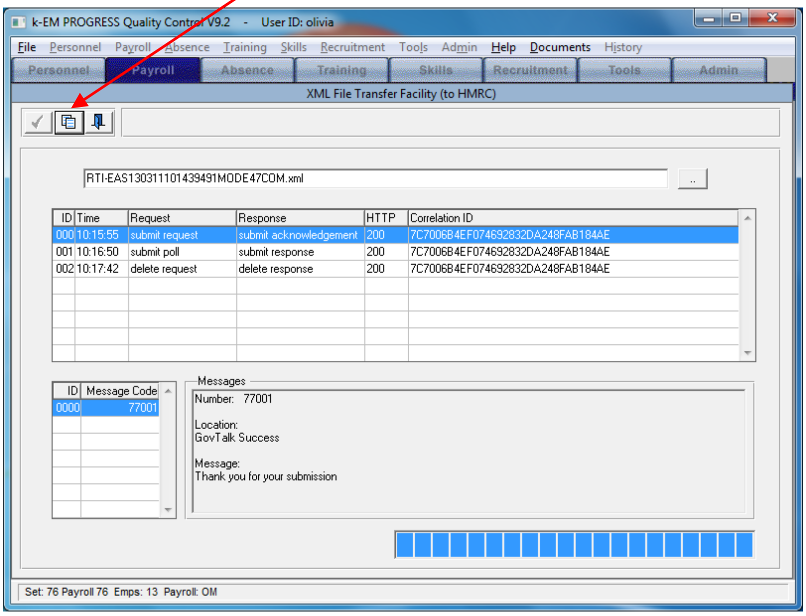


If the XML Transmission is successful

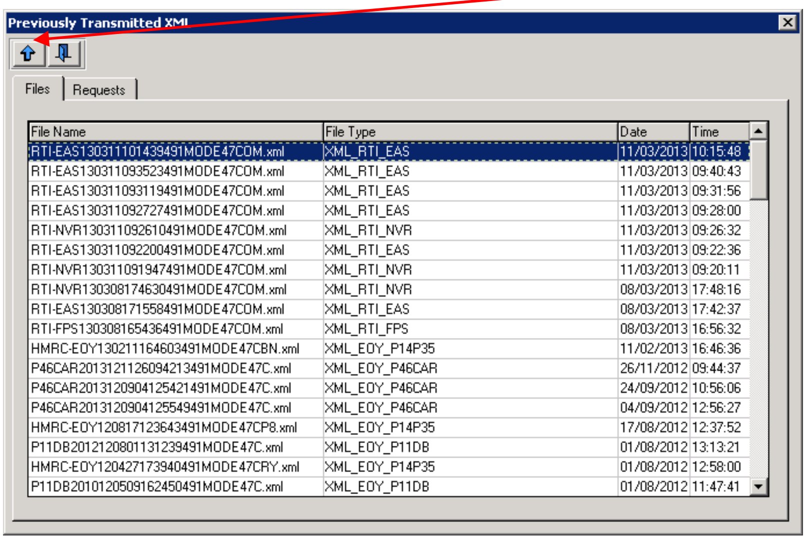
If the transmission of the file is successful, the message '**Thank you for your submission**' will appear.

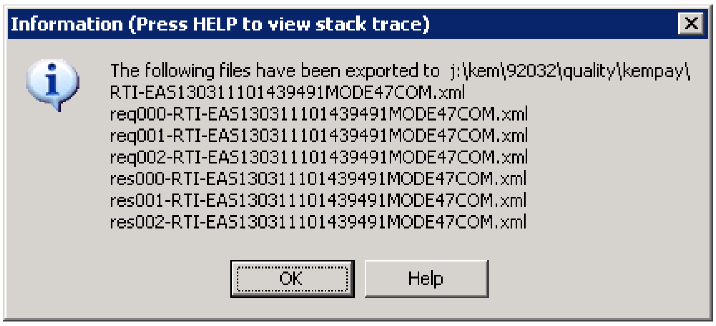
If you wish, you can export the submitted XML files to the folder specified in the 'SAGE_XML' customisation record, to enable these files to be stored for future reference, as follows:

Click on the '**View Transmitted Files**' icon to view the submission files.



Click on the required File Name, and then click on the '**Export XML files**' icon.



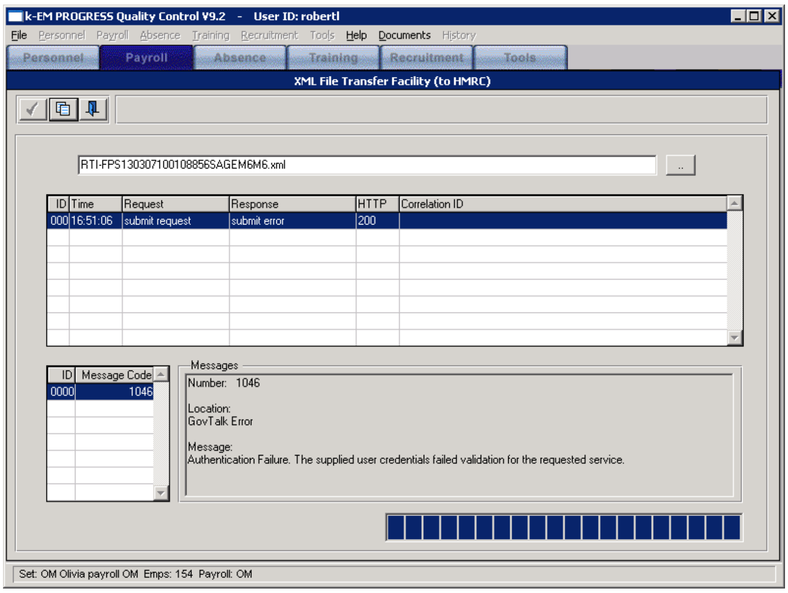


The file will be output to the path defined in your SAGE_XML customisation record, in the above example that is the j:\kem\92032\quality\kempay\ directory.

If the transmission of the file was successful, this will complete the process. Repeat the process for each of the XML Submission files you have generated.

If the XML Transmission is not successful

If the transmission of the file failed, the reason(s) for the failure will be displayed in the 'Messages' window, as shown below. Also, a report of the errors will be produced, which you can view or print. The report is named 'OutgoingHMRC.rpt' and is saved to your reports directory.



When you have established the reason(s) for the failure of the transmission of the file, make the required amendments to the data, regenerate the appropriate XML submission file (EAS, FPS, EPS or NVR) and then run the '**XML Transfer (To HMRC)**' routine again.

5 Further information and support

For further information about RTI, please see the HMRC information in Section 3.2 above, or contact the Help Desk using the following details:

Email: helpdeskhrp@sage.com

Telephone: 0845 245 6400